

CBN'S NEW INSTANT PAYMENT RULES: STRENGTHENING SECURITY AND CONSUMER AUTONOMY IN NIGERIA'S DIGITAL BANKING SYSTEM¹

Introduction:

On March 12, 2026, the Central Bank of Nigeria (CBN) issued a circular introducing additional functionalities for instant payment services in Nigeria. The directive, addressed to banks, other financial institutions and payment service providers, represents a significant regulatory step aimed at strengthening the security architecture of Nigeria's digital payment ecosystem and reducing the rising incidence of electronic fraud.

The circular outlines minimum standards that must be integrated into instant payment platforms across the financial system. These provisions will take effect from July 1, 2026, and form part of the regulator's ongoing effort to promote financial system stability and ensure that the expansion of digital banking services is supported by robust security and risk-management frameworks.

A key feature of the directive is the introduction of a Voluntary Opt-In/Opt-Out functionality for instant payment services. Under the new framework, customers must be given the option to enable or disable instant payment services on their bank accounts at any time. While the default setting for newly onboarded customers remains opt-in, the circular requires that customers who choose to deactivate the service would not be able to carry out online instant transfers during the period of deactivation. However, such customers may still physically visit their financial institution to effect transfers.

This measure is particularly significant from a consumer protection perspective. By allowing customers to deactivate instant transfers, the CBN effectively introduces an additional safeguard against unauthorized digital transactions. In practical terms, customers who are concerned about fraud exposure can temporarily disable instant transfers, thereby preventing electronic fund movements from their accounts.

The circular also provides customers with the ability to adjust their transaction limits, subject to the existing regulatory thresholds of ₦25 million for individuals and ₦250 million for corporate accounts. Financial institutions are required to conduct enhanced due diligence and appropriate risk assessment before approving any adjustment, and the process must be completed through multi-factor authentication. This provision strikes a balance between customer flexibility and institutional risk management, ensuring that customers retain some control over their transaction exposure while Banks maintain adequate oversight.

¹ CBN Circular to all Banks, other financial institutions and payments service providers dated March 11, 2026.

Another notable aspect of the directive is the requirement for enterprise fraud monitoring systems. Financial institutions must implement and activate systems capable of monitoring both inflows and outflows in order to detect and restrict suspicious transactions. This requirement reinforces the responsibility of banks to adopt proactive fraud prevention mechanisms rather than merely reacting to fraudulent activities after they occur.

The circular also introduces stricter identity verification measures for online account opening and account reactivation. Accounts opened online must now be subjected to liveness checks and validated in real time against the Bank Verification Number (BVN) and National Identity Number (NIN) databases. Financial institutions are further required to adopt enhanced authentication mechanisms such as multi-factor authentication, biometric verification, soft tokens, hard tokens and similar security protocols when reactivating accounts online. These requirements are designed to strengthen identity verification processes and reduce the risk of impersonation or identity-based financial fraud.

In addition, the directive imposes new security requirements for mobile banking applications. Mobile financial services applications must now be restricted to a single device at any given time. Customers will therefore be unable to operate their banking applications concurrently on multiple devices. Where a user migrates the application to a new device, the system must trigger automatic reactivation and authentication procedures. This measure directly targets fraud schemes involving unauthorized device access to banking applications.

The CBN has also introduced a temporary transaction limit for newly activated mobile banking applications. For both new and existing accounts, transactions carried out within the first 24 hours of activating a mobile banking application must not exceed ₦20,000. This limitation serves as a risk-mitigation measure intended to minimize potential losses where a device or account has been compromised.

Furthermore, the circular requires that the first login to internet banking on a new device must be subject to additional multi-factor authentication. By introducing layered authentication requirements, the regulator aims to ensure that financial institutions maintain stronger access control mechanisms across their digital platforms.

Taken together, these provisions represent the minimum regulatory standards for instant payment operations within the Nigerian financial system. The directive underscores the increasing importance of cybersecurity, identity verification and fraud prevention in modern financial services.

The circular is particularly relevant for banks, financial institutions, fintech companies and payment service providers, all of whom must now review their

technological infrastructure and compliance frameworks in preparation for the implementation deadline. Corporate organizations and individual banking customers should also take note of the new safeguards, as the measures introduce additional protections and greater control over how instant payment services operate on their accounts.

Why does this matter:

The circular therefore functions as a regulatory directive binding on: Deposit Money Banks (DMBs), Other Financial Institutions, Payment Service Providers, and FinTech operators integrated into the instant payment ecosystem. The measures represent minimum compliance standards for the Nigerian instant payment infrastructure.

This also creates consumer autonomy in payment infrastructure, allowing customers to deactivate instant transfers entirely. This is important because: It reduces liability exposure for fraud victims. It provides a risk-mitigation tool for customers concerned about cyber fraud.

Additionally, if a customer opts out, instant transfers cannot occur electronically, meaning fraudsters cannot execute transfers through digital channels. However, physical transactions at the bank remain possible.

Who should Pay Attention:

Banks and other financial Institutions | Deposit Money Banks (DMBs) | Payment service providers | Fund Managers | Broker-Dealers | Fintech; Digital Asset Operators | Micro Finance | Issuing Houses | Boards.

Our Take:

Ultimately, the directive reflects the determination of the Central Bank of Nigeria to ensure that the continued growth of Nigeria's digital payment ecosystem is supported by stronger regulatory safeguards. As instant payment systems become increasingly central to economic activity in the country, measures of this nature will play a critical role in maintaining trust, protecting consumers and safeguarding the stability of the financial system.

Conclusion:

The above analysis provides a general overview of the CBN Circular to all Banks, other financial institutions and payments service providers issued on the March 12, 2026 and should not be construed as legal advice. For further insights, detailed advice and or assistance in aligning your business with the new framework, please contact us vis: euphemiallp@gmail.com; (+234)8083000163); (+234)9133918227.

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